SEMINAR ON ADMINISTRATIVE ASPECTS
OF PLAN IMPLEMENTATION

Organized by the United Nations, through
the Economic Commission for Latin America,
the Latin American Institute for Economic
and Social Planning, and Headquarters Public
Administration Division and Office of
Technical Co-operation

Santiago, Chile, 19-28 February 1968

Item I (a) of the provisional agenda

THE CENTRAL MACHINERY OF PLANNING AND ITS VINCULATION
TO THE CENTRES OF DECISION

paper submitted by

Mr. Aryeh Attir, Senior Advisor and Project Manager,
United Nations Development Programme,
for the Institute of General
Administration (ESAP)
SEMINAR ON ADMINISTRATIVE ASPECTS
OF PLAN IMPLEMENTATION

Organized by the United Nations, through the Economic Commission for Latin America, the Latin American Institute for Economic and Social Planning, and Headquarters Public Administration Division and Office of Technical Co-operation.

Santiago, Chile, 19–28 February 1968

THE CENTRAL MACHINERY OF PLANNING AND ITS VINCULATION TO THE CENTERS OF DECISION.

Paper submitted by

ARYEH ATTIR
Senior Advisor and Project Manager, United Nations Development Programme, for the Institute of General Administration (ESAP) - Colombia.
THE CENTRAL PLANNING MACHINERY AND ITS
VINCULATION TO THE CENTERS OF DECISION

INTRODUCTION

I. ECOLOGY OF THE PLAN

Political Organizations
Socio-economic Groups
The Public
Official Bureaucracy
Science and Technology
International Organizations

II. ORGANIZATIONS INVOLVED IN THE PREPARATION AND APPROVAL OF THE
PLAN.

Planning Organizations
Auxiliary Organizations
Interest Groups

III. ORGANIZATIONS INVOLVED IN THE EXECUTION OF THE PLAN

The Central Planning Office
The Budget Administration
The Ministries and Administrative Departments
Public Enterprises and Economic Regulating Agencies
Regional and Local Organizations
Private Groups

IV. THE SOCIAL DIALOGUE

The Importance of a Social Dialogue
The Conditions for a Social Dialogue
Coordination and Negotiation Means
INTRODUCTION

For reasons which is not here the place to mention, the planning activities in countries that are in a process of development, have reached a scope that justifies attention, not only to the substance of the plans and to the economic techniques applied in their elaboration, but also to the administrative machinery involved. The difficulties encountered in certain plans, especially during their execution stage, have been attributed to several factors among which not the least one has been the weakness of public administration.

Hence the various studies which tried to analyze the machinery of public administration and its adaptation to the demands of a development administration. The authors of such studies have concentrated more than anything else on the structure, the competences and the functions of the central organization in charge of planning and in the efficiency of the organizations responsible for plan execution.

The objective of this modest document is to call the attention to some environmental factors which condition any administrative activity and to the interdependency of many decision centers that compel the interested parties to coordinate their efforts in order to reach a concerted action.

The ideas expressed in the document do not pretend to be very original and they derive more than anything from a careful study of modern literature on the subject, and to a lesser extent, from the personal experience of the author.
On the other hand, the planners could find "associates", that is, benign collaborators or, at least, neutral ones, among all the elements who are not satisfied with the present situation and who, consequently, welcome any innovation or reform.

Moreover, planning did not arise from the will of a person but from a situation in which many people, and at least some institutions (in the country and abroad), realized the necessity of conducting the economy of the country in a centralized way, to achieve a higher rate of growth and increase living standards. Those interested in planning and those who initiated such activity, will be the best collaborators of the organizations in charge of it.

We go now from generalities into a more detailed analysis of the environment of planning, taking the most important factors one by one:

1. **Political Organisations**

   As it is well known, a complete separation between politics and public administration only exists in the books. If this is true as regards any administrative activity in the public field, it is even more evident with respect to planning, which conveys many political aspects not only in its philosophy but also in its practical development.

   First of all, the planning office itself -if there is such an office- generally has a superior directive or advisory board of a political nature, whether it is called Planning Council, Planning Commission or Ministerial Planning Committee, etc.

   Furthermore, many close indirect and direct relations exist between the Planning Office and the Ministers, the Cabinet, the President and Congress.

   Which would nevertheless be, the dividing line between the political and technical or administrative aspects of the planning activities? Theoretically, the answer is simple: The political organizations are those which decide the great objectives, determine the resources and fix
I. ECOLOGY OF THE PLAN

The planning machinery cannot be discussed without taking into account its ecology, that is, the environment in which it works. This environment consists of individuals, organizations and situations which jointly or separately may have some impact upon the behavior of the planning institutions.

Furthermore, even if it does not have a visible impact upon the planning process, we should still be interested in the planning environment because upon studying it we can understand better the behavior of the planners, its causes and motives.

Schematically, the relation between the environment and the planning organizations could be classified as benign, neutral or hostile. The relation will be benign when the involved parties have common objectives (totally or partially) and when there are no conflictive interests in the means which lead to those objectives. The relation will be neutral when there are no common objectives and no conflict of interests between the parties in their operations. The relations will be hostile when one of the factors mentioned before, or both (objectives and means) antagonize with those of the other part.

In the case of planning, there will be more possibilities of conflict and hostile relations with other organizations for the following reasons:

a) Planning is a relatively new activity and as such, provokes reticence and suspicion on the part of older organizations.

b) By its nature, planning tends towards changes and innovations, and as it is to be expected, antagonizes with the traditional and conservative tendencies of the administration.

c) The planning organizations must intervene in the business of other organizations to obtain information, coordinate programmes and, many times, to supervise the execution of the projects. Such intromission provokes hostility.
the priorities. The administrative organizations, on the other hand, limit themselves to the execution of plans established by the political organizations. In fact, the situation is much more complex. There exists, or at least should exist, a relationship of mutual influence between the two types or organizations in charge of planning: political and administrative. The administrators should provide the politicians with facts and other elements of judgement for them to make decisions. They generally do it by way of presenting alternatives with their respective pros and cons, leaving the final decision to the politicians, in accordance with the political convenience of the case. On their part, politicians have to look after the fulfillment of the plan, in accordance with the spirit and dictum of the political decisions. Such mutual influence can be healthy and does not endanger by itself the harmony between the organizations. Conflict arises whenever one or both of the parties involved want to transgress the legitimate limits of their faculties and assume functions legally entrusted to the other party. This occurs when the political organization wants to administer or when the administrative organization wants to impose political ideas in its plans. Sometimes this behavior arises from good faith, that is, from the conscience of the organization that intervenes in the business of the other, thinking that its intervention is necessary to protect the attainment of the objectives. Nevertheless, it frequently happens that one of the organizations detracts from its original objectives and its "interventionism" aims not at the common interest, but at the benefit of its members or of some pressure groups therein represented. In the case of the political organization, the influence may arise from a political party, from economic groups or from local or institutional interests. In such case, the administrative organization, acting in good faith and trying to protect the common interest, may apart from its prerogatives and do everything possible to sabotage or void the actions of the politicians. Sometimes, the political organizations, due to fluctuations of their own activities, tend to change the objectives or priorities established in the plan and the negative reaction of the administrative organization may be due to its wish to maintain the stability and integrity of the plan.

The intervention of politics in the administrative field and vice-versa, is frequent in the developing countries due to the fact that the differences between the "powers" have not yet crystallized in them.
2. **Socio-Economic Groups.**

National planning is a form of governmental intervention for an organized attainment of some socio-economical objectives. In countries with a mixed economy, such intervention leads the public administration to very close contacts with non-official groups of economic or social order in the country. This refers to organizations such as labor unions, industrial, commercial or agricultural federations, cultural, scientific, philanthropic or religious associations, etc. Such groups can be considered at the same time as pressure groups which try to protect their interests in front of the government or against other groups with conflicting interests.

The plan organization, whether political or administrative, must maintain, nolens-volens, relations with the socio-economic groups and take them into consideration in all the stages of the preparation and execution of the plan.

From the behavior of the official planning organizations depends whether the aforementioned groups assume a benign, neutral or hostile position. Logically, it is to the interest of the government to diminish the hostile attitudes or at least, to neutralize them if they cannot obtain a benign or favorable reaction to their plans. The most appropriate method to obtain benign relations is to maintain the private organizations well informed (communications) and negotiate with them common matters to reach decisions that, necessarily, would require mutual concessions and reciprocity.

At the basis of any agreement between the government and the socio-economic groups, are the following premises:

a) The government proposes in its Plan a balanced development for the entire national economy.

b) The benefit of the national economy is also the benefit of each socio-economic group.

c) The difference between the general and the private interest could
be reduced essentially to the difference between a long term and a short term policy.

3. **The Public.**

The public is not simply the sum of the groups which compose it, and is not governed by the same rules of behavior as any formal organization. Precisely due to the fact that it is not organized, the public does not submit itself to the principles of organization. The public acts by momentaneous impulses and to understand it, it would be necessary to apply the psychology of masses. Nevertheless, the public has its own interests (even if they fluctuate) and its possible impact on the decision centers could be compared to a pressure group which might be very powerful.

Governments may call upon the public in dramatic moments of the national life such as elections, war situations, internal public order, economic crisis or natural cataclysm. It is less common to call upon the public when economic plans or development programmes are contemplated. The latter are generally considered as belonging to the domain of professional technicians and politicians.

Still this environmental factor (the public) can be a decisive factor for the success of the plans, especially when dealing with austerity policies which may imply some suffering on the part of the masses.

Public opinion may support a plan or may force the government to abandon it or, at least, to modify it. On the other hand, the government may take measures to influence public opinion and conduct it in favor of its plans. In any case, this factor can not be ignored, neither in the programming stage nor during the execution of the plans.

4. **Official Bureaucracy.**

It is the official bureaucracy which is in charge of the preparation and, at least, a large part of the execution of the development plans. Nevertheless, when we talk about the environment within which the plan operates, we should not forget the Civil Service or the official bureaucracy.
in its organized form. The personnel who has to deal with the plan, forms part of the bureaucracy and, therefore, is influenced by the patterns and rules that govern the bureaucracy and its behavior cannot be very different from the prevailing attitude in this group.

For example, it would be almost impossible, or at least very difficult, to maintain a group of planners motivated by purely technical criteria in a bureaucracy operating solely on the basis of political considerations. Likewise, it would be difficult to recruit personnel for such a group by system of competence and merit, when in general for these objectives the spoils system is still in force.

The status and reputation of the official bureaucracy will certainly have an influence on the reputation of the group of planners even though we may assume that an elite group of a quality above the general average has been recruited. This arises from the popular belief that no organization can differ to a great extent from the environment in which it grew up.

The same refers to the operating capacity of the planners, including under the last denomination, all those who have to do something with the preparation and execution of the plans. The planners cannot operate in the air and their daily activities depend not only from their own efficiency but also from the working capacity of several related bureaucratic organizations.

Enlarging the subject even more, we can speak about the dependency of the spirit which prevails among the planners from the general morale in the public service.

An easy conclusion of the brief analysis that has been made in this chapter, might be that any effort to create an "elite" of planners within the general mediocrity of bureaucracy, would not be easy, and probably would not give the results that are expected. In the long run, and because of the interdependency between the planning activities and many other official activities, the way of a total civil service reform would have to be chosen.
5. **Science and Technology.**

The incredible advances of science and of its pragmatic relative Technology, impose upon the administration various problems which were unknown before.

In the first place, modern administration has to deal with a new type of professional, in electronics, in cybernetics, in nuclear sciences, etc. with a very high and growing demand in the general market and in the public service as well. The professionals in older sciences, such as sociology, psychology or physics, have to make an effort to keep up to date with the developments in their respective specialized fields.

These scientists, upon entering the public service, do not easily submit themselves to the requisites of an administrative hierarchy. Educated in and used to the philosophy of liberty of the scientific spirit, they do not accept the authority of a general administrator and do not understand the restrictions which sometimes non technical considerations (political or social) impose on their activities.

The introduction of modern technology into industry and into administration, may result in serious unemployment problems or at least displacement of labor. Higher production can nowadays be obtained with a reduced number of workers and employees.

Thus, the problem of how to organize the work of scientists and experts arises. Their integration into the traditional administrative machinery does not always give satisfactory results because of the aforementioned and other reasons.

Some governments are looking for a solution to this problem by means of contracts with universities or private scientific enterprises. In such a way, these organizations, even unwillingly, enter into the orbit of governmental policy and its process of taking decisions.

However, the most serious problem is not the one mentioned above, but the impact of science and technology on the quality of the official decisions themselves, and over the values established by society.
Matters such as the eradication of poverty and hunger in some societies, or birth control and even change of genetical structures, enter into the sphere of realities, changing not only the administrative system to be applied, but also all the nature of public policy.

As science continues advancing at gigantic steps, public administration and planning have to organize themselves in such a way as to make possible the handling of the problems of the society utilizing the tools of the present and the future, rather than those of long ago.

6. **International Organizations.**

The growth of international, bilateral and multilateral organizations, that operate in the field of development planning, is significant for the period following World War II. In fact, many of the national plans arose from the initiative of such organizations when upon negotiating external assistance for development, short or medium term plans had to be presented as a previous condition to any agreement. In some countries of recent development there was a scarcity of technical capacity to elaborate their own development plans and consequently the international organizations had to take charge not only of the examination and approval of the plans and projects but also the formulation of plans, generally proceeded by feasibility studies. That is why some "national plans" were hardly more than copies of projects offered by foreign organizations.

Naturally, each one of these international organizations had its own policy and interests, which not always fully harmonized with the interest of the interested countries.

Another serious problem arises in the application and adaptation of foreign theories and experiences transferred by international organizations to the countries that are in the process of developing. Learning from others and imitating more advanced system may be considered a natural process, but it may also cause negative effects when such a process collides with social and cultural institutions deeply rooted into the traditions of the country. The traditional institutions may desintegrate without giving way to new social structures sufficiently strong to substitute
the old ones. Another situation which comes about very frequently is a confused "coexistence" of old and new systems without attaining a real progress.

For reasons of this nature, some planners demand that the rhythm of economic development be adjusted to the capacity of the respective society to gradually absorb and integrate new forms, if required.

From the attitude of the international organizations and from the alternatives presented by them depend, to a great extent, the formal decision taken by the national organizations in charge of the coordination of international and financial technical assistance.

The adoption of appropriate decisions on the national level becomes sometimes because of the many offers frequently presented by several international organizations. The proliferation in the field of technical and economic assistance sometimes results in a competition where the "winner" is the one who offers better conditions or more attractive programmes even though they do not necessarily mean the best solution for the needs of the country.
II. ORGANIZATIONS INVOLVED IN THE PREPARATION AND APPROVAL OF THE PLAN.

1. Planning Organizations.

In general, the task of preparing a national development plan is made by a Central Planning Office. The purpose of this office is to gather information to carry out the pertinent studies and to prepare the draft projects of a comprehensive and integrated plan. Actually, many organizations participate in this process and, therefore, some authors prefer to speak about planning complexes or planning systems. The latter concept is valid even if the planning function is legally and exclusively assigned to the Central Office. Experience shows that the multiplicity of organizations involved in planning does not always come about from a deficient distribution of functions or from jurisdictional disputes between organizations but, many times, from the objective difficulty of concentrating a task of that magnitude in only one organization, even if it is well organized and has a highly qualified personnel. The nature of the task, which embraces almost the entire national activity in the social and economic field, does not usually allow a centralized treatment.

Consequently, we find planning activities at a national scale in the national budget administrations, in the central banks, in the development ministries, in financial institutions, etc. At the sectorial and local levels participate ministries, public enterprises, departments (or provinces), municipalities and regional development corporations.

Particularly important is the role played by the Budget as a tool of planning. After adopting the new system of Planning, Programming, Budgeting (P.P.B.), the Budget, instead of being only a tool for control or efficient management, may become an instrument which facilitates decision making between several alternatives. The multi-annual budgets and the utilization of fiscal resources for economic regulation (in the sense of restrictions and incentives) assimilate even more the Budget to an organization of a planning type.

Central planning offices which tried to perform directly all the
national, sectorial and regional planning tasks, without the cooperation of other specialized organizations, were doomed to failure. They lacked precisely the specialization and experience in order that the plan became practical and feasible. Moreover, the misgivings of the specialized organizations led them often to acts of resistance during the processes of approval and execution. Therefore, the participation of all the planning organizations in the preparation and formulation of the national plans seems to be the most advisable policy.

What would be then the role of the Central Planning Office in this "Complex" or "System" of planning organizations? Modern authors tend to assign to the C.P.O. the function of a coordinator and catalyst.

The system described before may serve for a country where specialized organizations exist and where there is sufficient human element, technically qualified to decentralize responsibilities and to divide the work according to specializations. In some countries which are still in the early stages of process of development such conditions do not present themselves and, consequently, centralization is at least a temporary necessity, until the preparation of technical personnel allows a more advanced division of work.

The formal approval of the plan is a matter for the political institutions: the Council of Ministers, the President (in a presidential system) and the Parliament. Such approval is not to be considered as a final act which takes place when the process of preparation is concluded. In fact, the political institutions intervene many times during the planning process. This intervention occurs in two ways: First, through the boards of directors or directive councils which are at the top of some planning organizations. Such boards or councils are generally of a political character and represent several interest groups in the government, among political parties and even among the socio-economic bodies.

The second way of political intervention takes place when the draft projects are presented for consideration of the Cabinet and the parliament (or ministerial and parliamentary committees) in the corresponding stages of their preparation. It is considered advisable to obtain the ap-
proval in principle, of the plans, in their first stages, in order to
avoid the destruction of a work which implied efforts of many months when
it reaches the political debate in its final stage. Moreover, the complex-
ity of a development plan does not permit partial adjustments in the final
stages without harming the wholeness and interdependent character of the
entire plan.

2. **Auxiliary Organizations.**

The auxiliary organizations which participate in or contribute to
the preparation of the Plan may be divided in two classes:

a) Organizations which obtain and supply informations;
b) Scientific and technological investigation institutes.

It could be said that the difference between the two classes is
more of grade than of essence; the former imply certain investigations and
the latter have to base their investigations upon facts.

Data and statistics are the basis of all planning. Although a
Central Planning Office may have a statistical unit, it would be practical
ly impossible to have it collect, tabulate and analyse all the necessary
data. Therefore, the C.P.O. has no other alternative but to request the
assistance of the national statistical department and the statistical
units which operate in the ministries and in many other official organiza-
tions. Likewise, the C.P.O. can use information sources available from
private enterprises. To this effect, a special legal provision is required,
which exists in most countries. In order that statistics be made in a ra-
tional way and do not result in confusion and waste of effort, the follow-
ing measures are needed:

1) Exact definition of the terms;
2) Unified classification of the fields of study;
3) Standardization of the system applied; and
4) Unification and simplification of procedures.

Experience shows that many statistics of the same type are repeated
in many (or for many) institutions. This phenomenon could be avoided if one organization (the most interested or the largest one) is made responsible for basic or primary statistics and the other organizations limit themselves to secondary statistics in their respective fields of specialization. The C.P.O., in this case, would produce only those statistics that are not made somewhere else, or those which other organizations cannot undertake.

Another important principle would be to collect the statistics from the source and if possible, as a "by-product", that is, as information which derives, without additional effort, from the production process (e.g. copies of payrolls for statistics of labor costs).

Planners argue that it is sometimes difficult, because of the objective conditions of a country, to obtain exact statistics, a fact which may result in delays and even in the cancellation of the development projects. It is the opinion of some economists that the basic needs in countries of low development are many times so obvious that planning could be made with approximations and that perfectionism in statistics would, in this case, not be justified.

The importance of science and technology has already been dealt with in the preceding section. Thus, collaboration between the planning organizations and the scientific investigation institutes would not require justification, especially in what relates to applied sciences. The planning organizations could utilize the results of such investigations:

a) As criteria to evaluate the programmes and projects presented by the interested organizations;

b) As indicators of the way in which national development efforts should be oriented.

It is worth mentioning that very few countries, at present, can show a satisfactory collaboration between national planning and scientific investigation. Parallel to large scale scientific investigations that are being carried out at universities and special institutions, there
would still be place in many administrative organizations for investigations of a lesser degree, similar to the laboratory work carried out in large factories. In this manner, some revenue divisions may have tributary investigation sections and health ministries may have laboratories for drug examinations. The relationship between such units and the sectorial programming departments is evident.

3. **Interest Groups.**

The failure of many plans that were formulated in the isolation of the "official Olympus" led many countries to the conclusion that interest groups should participate not only in the execution of the plans but also in the preparatory stages. The famous "Modernization Committees" in France and similar institutions in the Netherlands and other countries, served as a model.

What are the advantages of such institutions and what are their dangers?

Undoubtedly, the "Committees" allow a confrontation of various interest groups (or "pressure groups") sometimes opposed in their interests, which makes it easier to evaluate in a more realistic way their strength in the society and the prospects of a project which the planning office wants to launch. The collective experience accumulated in a "Committee" is certainly greater than that which can be drawn upon in a group of technicians in an office and, therefore, it is to be expected that the deliberations of the Committee will lead to more accurate conclusions than those reached in the planning office. The participation itself, of these interested in the deliberations, even if the final decisions of the government were not entirely satisfactory to all the parties, would serve to decrease any possible resistance. The interested groups would feel that an opportunity was given to them to defend their points of view and the contact with other groups and the representatives of the government might incline them towards a more responsible attitude which would take into consideration the general interest.

On the other hand, a certain risk is taken by admitting all the
interested parties into the deliberations during the preparation of the plan. Committees tend because of their nature, towards an easy compromise which sometimes does not go beyond the minimum common denominator of all the interested parties. In such a way, the original project might be weakened and the significance of an ambitious development plan lost. Another risk worth mentioning arises from another characteristic of many committees, that is, of their inclination towards prolonged debates. The preparation of a long or medium-term plan takes, any way, many months and sometimes years. The introduction of the consultation system by committees can easily enlarge this process.

However, and in conclusion of what has been mentioned before, it could be said that the advantages of the "Committees" exceed their disadvantages and, in general, this type of institution serves to associate the groups interested in the plan and to guide the planners towards appropriate decisions.
III. ORGANIZATIONS INVOLVED IN THE EXECUTION OF THE PLAN.

1. The Central Planning Office

The discussion about the participation of the Central Planning Office in the execution of the plan, seems to be exhausted. Very few continue considering that the C.P.O. should be responsible for the execution of the plan and direct or supervise the development projects financed from public funds. Moreover, such a formula has proved to be very difficult to apply. Not even an office with thousands of technicians and branches in different regions of the country, could efficiently direct activities that imply an extremely diversified technical know-how and a tremendous operative capacity.

Much more frequent is the model of a C.P.O. which, in addition to the preparation of the plan, would be responsible for the control of the execution.

How can this control be carried out?

First, by the participation of delegates from the C.P.O. in the Board of Directors of the executing enterprises. The government would have to designate, in any case, its delegates to the Boards of Directors of enterprises created totally or partially with public funds. One or more delegates could be designated by the C.P.O. The effectiveness of such an arrangement would depend on the power invested in these Boards and on the number of the C.P.O.'s delegates in them. Where the Board has broad powers (a system which not necessarily should be recommended) and the number of C.P.O.'s delegates is sufficient to influence decisions, in such a situation care could be taken that a policy congruent with the objectives and stipulations of the Plan is carried out.

The participation in the boards of directors may, nevertheless, create certain inconveniences, for the C.P.O. and for the executing enterprise. The activity in the boards takes much of the time of the C.P.O. officials and deprives this latter organization of a large part of the services of its best collaborators. In a situation of scarcity of techni-
cal personnel such a consideration can hardly be ignored. Besides, the delegates from the C.P.O. in the Boards find themselves in a situation that might be called "administrative schizophrenia"; they must represent the interest of the C.P.O. and on the other hand, they must watch for the success of the enterprise itself. These two loyalties do not always go together.

Another form of control would be to make that the important decisions of the enterprises (internal and foreign loans, issuance of bonds, purchase of shares from other enterprises, changes in the line of production, etc.) depend on the acceptance or the approval of the C.P.O. The main inconvenience in this latter system is that it can produce delays and thus harm the interest of the enterprise.

The role of the C.P.O. during the execution stage of the plans should not be limited to controls of the above mentioned type. Not less important is the evaluation of the progress made for possible rectifications in the plan (if necessary) and for the preparation of the next plan on the basis of the experiences acquired. An instrument frequently used for this objective is the progress report that every of the executing organization usually renders periodically.

2. Budget Administration.

In the previous chapter the Budget has already been mentioned as an instrument of planning. The role that the Budget plays or may play in the stage of execution is most important. The annual or operative plans as regards the public sector, must reflect themselves, at least partially, in the yearly investments budgets. If this is so, the National Budget Administration may assume the control of the execution of this part of the National Plan. The classification and presentation systems known as programme or performance budgeting help very much to the identification of the individual projects and the standard costs that are used for each unit of production, facilitate evaluation of performance and maintenance of economy and efficiency in governmental operations.

The impact that public expense and public income may have on the
national economy and the behavior of the private sector is evident. By using the national budget in a flexible way, the countries economic activities may be controlled or regulated and in that way kept within the frame of a planned growth.

From what has been said can be understood the importance of a close cooperation and coordination between the National Budget Administration and the C.P.O., both during the planning stage and the stage of execution of development projects. However, as it is well known, rivalries and frictions frequently occur between these two organizations. The partial duplication of functions between them is evident and requires some solution. A basis for such a solution could perhaps be found in the distinction between the operational and the investment budgets. The latter, because of its direct relation with planning, could be prepared jointly by both organizations (The Budget and the C.P.O.) subordinating, if possible, the fiscal considerations to the requirements of the plan.

Nevertheless, there would still remain the difficulty to determine whether for instance an increase in the expenses as a result of a normal growth in the volume of work should be classified as an operating or as an investment expenditure.

Another possible solution for the Budget versus C.P.O. problem is of an institutional type and has a more radical character. According to this solution, planning as well as budgetary programming should be made in an office placed under the supreme authority in the Executive Branch of the Government (the President or the Prime Minister, depending on the system of government), leaving to the Ministry of Finance only Budgetary Execution (that is, the control over the execution of the operating and investments budgets).

It would not be difficult to find faults in both solutions mentioned before. Thus, the matter continues to be a subject of discussion among students and practitioners of public administration.

3. The Ministries and Administrative Departments.

According to theoretical concepts, the ministries should limit
themselves to the determination of sectorial policies and the programming, coordination and control of activities in their respective fields. In compliance with this concept, the execution of the programmes and the handling of the individual projects should be delegated to autonomous institutions of national, regional and local nature. In fact, we find in many ministries a mixture of all the aforementioned functions. There are typically operative ministries, such as the Ministry of Public Works or the Ministry of Communications. Even more accepted (there seems to be no suggestion for changing it) is the collection of taxes by the Ministry of Finance (Internal Revenues, Customs).

The case is different in the so called Administrative Departments. Their creation arose from the concept that several technical services (and in the majority of cases these are services common to the Government itself) should not be subject to political changes and consequently it would not be convenient to give them the rank of ministries and include their heads in the Cabinet. Typical examples of such services are the National Printing Office, Statistics, Supplies, Civil Service, etc. The Central Planning Office (C.P.O.) itself obtained, in some countries, the form of an Administrative Department. It is obvious that some of these Administrative Departments can participate directly in the execution of the plans, having the character of operative units par excellence.

Because of their close involvement in the execution of development plans and programmes, some Ministries and Administrative Departments have established offices for coordination and control of these operations. Such offices can supervise the direct operations of their organizations and keep control over projects contracted or delegated to autonomous institutions.

To avoid duplication between the ministries and the C.P.O. in the performance of the coordinating and supervising functions, these might be channeled through the ministries. In other words, the C.P.O. might obtain through the ministries the reports about the execution of the plans. An arrangement of this nature would, however, require a complete dominion by the ministries over their respective economic and social sectors. The present situation is far from being so and consequently the C.P.O. may find
itself compelled to maintain direct contacts with many executing organizations.

4. **Public Enterprises and Economic Regulating Agencies.**

Within this classification we may include the statutory organizations (sometimes called government corporations) as well as enterprises created by company laws. The greater part of the execution of the development plans, at least in what refers to the public sector, is usually structured to autonomous institutions. The transfer of plan execution to autonomous institutions is a natural development which carries some logic. It corresponds to the principle of functional or regional specialization and to the idea of separation between planning and execution. Furthermore, it permits the separation of the operations of an industrial or commercial type from political intervention and from the rigid bureaucratic controls prevailing in the ministries. It had been expected that such specialization, technification and "depoliticization" would lead to greater productivity and efficiency. However, these expectations have not always come true. Instead an unexpected outcome of this decentralization process has been the separation of public enterprises from the control of national governments. Consequently, we find many public enterprises that do not submit themselves to the general policy of the government, and do not coordinate their activities with the agencies in charge of the National Plan. The boards of directors of such public enterprises were mentioned in the foregoing section as possible instrument for coordination and control. Governments can easily obtain the legal faculties (if they do not have them yet) in order to exercise such control. Nevertheless, the problem still persists of how to control effectively these organizations, without harming their autonomy and without depriving them of their operative flexibility that was one of the reasons for their creation.

The coordination during the execution of the plans becomes complicated because of the proliferation of public enterprises that operate in the same fields, such as colonization, housing, development industries, etc. Moreover, special problems arise with the so called Regional Corporations, that frequently invade the fields traditionally and legally entrusted to departments (provinces) and municipalities and that do not fit
into the country's administrative and political division. This problem, as well as that of the local public enterprises, will be discussed in the next section which is dealing with the Departments and Municipalities.

To complete the picture, the so called Economic Regulating Agencies (although not of the same legal structure as public enterprises) might be mentioned here. To these belong the Superintendency of Foreign Trade, the Banking Superintendency, the Monetary Board and many similar institutions. They might be formally dependent from one or another ministry, but, in fact, to them are being often entrusted the regulation and supervision of matters related with several ministries. Consequently, they might be considered as interministerial offices at the execution level. However, as in the case of the public enterprises, it became extremely difficult, also in the case of the Regulating Agencies, to separate the determination of policies from the regulation and execution activities. Great powers have been concentrated in these Economic Regulating Agencies, and, in many cases, they have become real centers of policy decisions, thus encroaching on the prerogatives of the ministries and the C.P.O.

To remedy the situation, the C.P.O. may be compelled to send its delegates to the boards of such agencies and maintain in this way some control over vital matters of the Plan.

5. Regional and Local Organizations.

Many public organizations operate at a regional and local level, almost all of them having to deal with the development plans. To these belong the sectional offices of the ministries and of the national public enterprises, the departments, the municipalities, the local public enterprises (departmental and municipal ones) and the regional development corporations.

In general, there is no coordination between them and the same services are being frequently rendered at various levels by many organizations. At the moment, none of the factors mentioned seems to be predominant in order to assume the leadership and to introduce order and co-
oordination at the local level. Some observers find that the weakest link in this chain of local organizations seem to be the sectional offices of the ministries. Upon reorganizing and modernizing their offices, the departments and municipalities might perhaps, by delegation or by contract, assume the executive functions of the ministries, at the local level. The police, collection of national taxes and other similar services of a national character are often considered as an exception to the afore-mentioned rule and kept directly under national supervision. The national public enterprises could frequently operate at the local level through departmental or municipal enterprises.

The main problem consists in the nature of some regional development plans which do not fit into the geographical boundaries of the departments (provinces), that had been designed in accordance to political or ethnical but not economical criteria.

The municipality, even though more homogeneous from all points of view, is usually too small for modern development plans. The ideal solution would be the creation of economical regions with their respective development corporations. These corporations would assume the executive responsibility of such projects, which due to their size or relation to other projects, could not be entrusted to the departments or municipalities. The departmental and municipal governments would be represented in the boards of directors, to take care of their interests and, at the same time, exercise public control over the Corporations. Such an arrangement would also be convenient for the C.P.O., which would have to maintain contacts with only a few major corporations, instead of having to deal with a large number of small institutions.

6. Private groups.

The private groups have already been mentioned ("Socio-Economic Groups" – "Interest Groups"). Their role during the execution of the plan, in what refers to the private sector, might also be of importance, mainly as forums for the evaluation of results, study of complaints and objections, and, finally, for deliberations over rectifications that might be required in the plan. Private groups may have their own sources
of information and their formal and informal contacts with private enterprises which might sometimes be of help to the C.P.O., not less than the official statistics and the facts obtained through regular information and inspection channels.

The importance of these groups increases when the economic or social sectors that they represent are well organized and unified, and when no doubts arise as to the representative character of the groups. It is for that reason that the C.P.O., in many countries, manages to maintain more fruitful contacts with trade unions or industrial associations, than with representatives of small farmers. The latter are not usually well organized and if they manage to have a representative organization, it does not always have sufficient authority to exercise strong influence over the governmental organizations.

It is already a well established practice in many countries, to give participation to private groups, with a character of representatives of the interest groups, in commercial missions that go abroad looking for markets or investment credits.

Even more frequent are direct contacts of the private groups, (on their own account, but with the consent of the respective governmental organizations) with international groups, in congresses, conferences or simply in commercial negotiations. It is in the interest of the C.P.O. to activate private groups in this direction, guiding them towards the national interest, coordinating such efforts with similar efforts in other sectors, so that all the initiatives fit well into the general policy of the plan.
IV. THE SOCIAL DIALOGUE.

1. The importance of the social dialogue.

From the contents of the previous sections it might be deduced that the main problem in planning was not the lack of techniques or technicians on the subject, or the scarcity of resources and not even the weakness of the administrative machinery involved, but the difficulty in securing coordination and cooperation among the official and non-official organizations during the stages of the preparation and execution of the plan. This spirit of coordination and cooperation is essential to maintain what some authors like to call "the social dialogue".

The initiative to start the "social dialogue" could arise from any part, but it is undoubtful that the C.P.O. and other official organizations participating in the Plan could contribute considerably to that objective, if they behaved in the way that has been suggested before. Coordination alone would increase the operative capacity of all those participating in the process, by decreasing duplications and overlappings, reducing conflicts and frictions and joining efforts to reach common objectives that separately would be very difficult to achieve.

The imperative of the "social dialogue" arises from the conviction that, in fact, there is no single center of decisions in the planning process, although it might appear so if we had to pass judgement solely on the basis of legal provisions. Every interested or associated organizations, whether official, semi-official or private, makes constantly decisions that may have some impact on the outcome of the Plan. It would be of course superhuman and utopian if we tried to have everybody agree on all issues and to eliminate altogether sectarian attitudes. Yet, it seems to be within the realm of the possible to look for common denominators and to reconcile conflictive positions frequently the result of misconceptions or misunderstandings of the situation.

The belief in the effectiveness of the "social dialogue" has its origin in the assumption that a confrontation of the parties in a dispute may, under certain conditions, lead to understanding and reconciliation of positions.
What would be the conditions for the achievement of positive results from the "social dialogue"?

2. **The conditions for a social dialogue.**

The confrontation itself, does not yet ensure a reconciliation of positions, or an understanding. Some international forums might serve as a good illustration for confrontations between conflicting parties that did not lead to any improvement in the situation.

A basic condition for the success of the "dialogue" is the sincerity of intentions among the participants. History has many examples of advisory or conciliatory institutions that were created only to satisfy the need of an outward show or to respond to a popular pressure.

The deception is easily discovered, destroying the morale in the institution that has been created and making more difficult any future experiments to create similar institutions with better intentions.

Another condition for success would be to secure that all interested parties or their representatives participate, as far as possible, in the dialogue. If this were not achieved, we might expect that all those who were left out would feel a strong resentment and would do everything possible to bring to a breakdown in the "dialogue", thus showing that without them no agreement was possible. Naturally, the dialogue must not necessarily be carried out in a collective form and if a meeting of all the interested parties were to fail, the coordinating organization could (following the true sense of the word "dialogue") effect separate meetings with each one of the parties.

The form of the meeting may contribute to its success or failure. Massive meetings of hundreds of persons might give publicity to the official speakers or to the organizations which they represent, but the remaining participants, not having an opportunity to express themselves, would not necessarily feel themselves obliged to obey the resolutions, even if these were reached by majority of votes.
Finally, the initiators of the meeting should demonstrate in their future actions, that they kept in mind the resolutions adopted, or at least, gave satisfactory explanations for not having followed them.

3. Coordination and Negotiation Means.

Coordination is perhaps one of the most difficult functions in administration. It requires abnegation on the part of those involved, because it deprives them to a certain degree of their liberty of action and compels them to bear in mind other peoples points of view before taking any decision. Furthermore, the coordination process might be long and complicated, thus resulting in delays in the operations of all the organizations involved.

Consequently, very few would coordinate their activities with others, if there were no encouragement or incentive to do so.

One kind of encouragement would be the legal disposition that compels the planning and executing organizations to coordinate their activities with the interested parties.

Another encouragement, perhaps more effective, would be to provide the coordinating institutions with some faculties, such as the right to express their opinion before a request is granted or before any related project of law, decree or regulation is promulgated. Such faculties would strengthen the institution and would attract the interested parties to participate in their deliberations, excercising in this way their influence over their activities and at the same time creating conditions for the coordination of efforts.

At the highest level are ministerial committees in which some ministers, in closely related fields, (e.g. the economic ministries: Finance, Development, Agriculture, etc.) would assume the responsibility to solve common problems, sometimes by expressed delegation of the Cabinet.

At a somewhat lower (technical) level would be the interminis-
terial committees, composed of high officials of the interested ministries. They would deal with the follow up of policies established by their respective ministers, e.g., in the field of import regulations. Some regulating agencies, such as the Superintendency of Foreign Commerce, have developed from such interministerial committees. Although formally subordinated to a ministry and primary of a coordinating character, these regulating agencies have gradually assumed (as already stated in the previous section) broader functions which transformed them into decentralized institutions, somewhat autonomous and comparable with public enterprises.

A rather popular institution, that among other things might serve as an instrument of coordination, are the Advisory Councils established within many official organizations. These Councils, although without power of decision, might create meeting opportunities for various interest groups and thus facilitate understanding and agreement.

To conclude this list, we could add that many boards of directors of the public enterprises, because of their composition of delegates from various interested organizations, might also serve as coordinating instruments.

In exceptional cases and for a limited period, a government may appoint a person as coordinator, to try to reconcile conflicting positions of various organizations that operate in related fields.

As already said, the Central Planning Office is considered in many countries as an organization of a primarily coordinating character. Nevertheless, whenever direct intervention does not seem to assure good results, the C.P.O. might avail itself of any other coordinating means, as explained before.